This Top Canadian Stock Is Far too Cheap to Ignore Right Now

Description

Don't let the explosive upward move in the broader markets fool you; there are ample cheap Canadian stocks out there. Some of them have swollen dividends with valuations that discount the economic reopening ahead. The reopening trade has stalled of late. We've witnessed a pretty strong bounce off those ominous March lows, and some may think the "great reopening" is all but baked in here.

However, it's important to realize that the COVID-19 pandemic isn't over yet. And many Canadian stocks aren't reflecting the full magnitude of the boom (the "Roaring 20s) that could be waiting on the other side of this pandemic.

Spotting the real bargains in a rocky market environment

In the states, unemployment has yet to heal fully. And the Fed has made it clear that employment is their top priority, not inflation, which they still view as transitory at this juncture.

Yet, investors seem overly focused on the thought of an overheating economy and the potential for quicker-than-expected rate hikes. The market really doesn't seem to trust the Fed, and if they're wrong about their rate expectations and inflation does temper down with time, many stocks could prove to be severely undervalued at today's prices.

Heck, the market seems to be more willing to take U.S. Treasury Secretary Janet Yellen's comments out of context than put their trust in Fed chair Jerome Powell, a man who I think should have earned the trust of the masses given his prompt save earlier last year when the stock market crumbled like a paper bag in a matter of weeks.

In this piece, we'll have a look at one of my favourite cheap Canadian stocks that investors may be sleeping on as we return to normalcy in a low-rate world.

Consider **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), a great reopening play that may be too cheap for their own good!

Restaurant Brands

Restaurant Brands has been a major laggard of late despite the profound success that is Popeyes Louisiana Kitchen, Restaurant Brands' hottest but smallest chain.

You wouldn't know the firm was behind Popeyes and its legendary chicken sandwich (the perfect weapon to win the fried chicken wars!) by looking at the stock, which has been stuck in bear market territory (down just over 20% from all-time highs) for well over a year now.

Tim Hortons and Burger King have had limited success amid the pandemic, and they're the primary reason why QSR shares aren't doing nearly as well as some of the other quick-serve restaurant stocks out there. Tim Hortons has really struggled, witnessing nosediving same-store sale comps thanks to its greater sensitivity to dining room closures and COVID's impact on the morning routine of Canadians. Burger King has been better but is still lacking when stacked up against its peers.

As dining rooms reopen and the company starts raking in the dividends of its restaurant modernization efforts, QSR stock is in a spot to absolutely soar. Headwinds will turn to tailwinds as consumers return to their favourite fast-food restaurants, and management will have a chance to ramp up its international growth efforts.

Restaurant Brands is a steal of a bargain that's hiding in plain sight. In due time, QSR stock will catch up with its bigger brothers in the restaurant scene. Patient investors should hang in there and collect the juicy over 3% dividend yield.

CATEGORY

1. Dividend Stocks
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Stocks for Beginners

Date
2025/07/01
Date Created
2021/05/27
Author
joefrenette